

# BUSINESS PLAN [YEAR]



## Property Management

Adding Care to your Property.



John Doe



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<https://upmetrics.co>

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# Table of Contents

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<b>Executive Summary</b>	<b>4</b>
Mission statement	5
Vision Statement	5
Customer Focus	6
Success Factors	6
Financial Summary	6
3 Year profit forecast	7
Chart	7
<b>Company Summary</b>	<b>8</b>
History	9
Business Structure	9
Startup Summary	9
Startup cost	10
Chart	10
<b>Products and services</b>	<b>13</b>
<b>Market Analysis</b>	<b>15</b>
Industry Analysis	16
Market Trends	16
Target Market	16
<b>SWOT Analysis</b>	<b>17</b>
<b>Strategy &amp; Implementations</b>	<b>19</b>
Advertising Strategy	20
Targeted Cold Calls	20
Referrals	20
Online Marketing	21
Publications	21
Community Events/Organizations	21
Pricing Strategy	21
<b>Financial Plan</b>	<b>22</b>
Important Assumptions	23
Break-even Analysis	23
Projected Profit and Loss	24
Profit Yearly	25
Chart	25

Gross Margin Yearly .....	25
Chart .....	25
Projected Cash Flow .....	26
Projected Balance Sheet .....	28
Business Ratios .....	29

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# 1.

## Executive Summary

Mission statement

Vision Statement

Customer Focus

Success Factors

Financial Summary



### REMEMBER

Before you think about how to start a property management service, you must create a detailed property management business plan. It will not only guide you in the initial phases of your startup but will also help you later on.

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### TIP

Maxwell Property Management Company is a Detroit-based property management firm specializing in commercial and residential properties. Its goal is to provide a solution to the real estate management problems that property owners struggle with. It helps its clients with repairs and maintenance, enforcing rent due dates and strictly implementing la

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## Mission statement



### TIP

We are a company that is established with the aim of helping tenants (people and businesses) get the properties of their choice and to helps property owners (landlords and group owners of properties et al) effectively manage and maximize their properties in the United States of America.

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## Vision Statement



### TIP

Our Vision is to become the preferred choice of landlords and tenants when it comes to property rentals in the whole of the United States of America.

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## Customer Focus



TIP

Maxwell Property Management Company will primarily serve the residents who live within the city. The demographics of these customers are as follows:

- 311,445 residents

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## Success Factors



TIP

Maxwell Property Management Company is uniquely qualified to succeed for the following reasons:

- Maxwell Property Management Company will "..." in the growing community it is entering. In add

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## Financial Summary



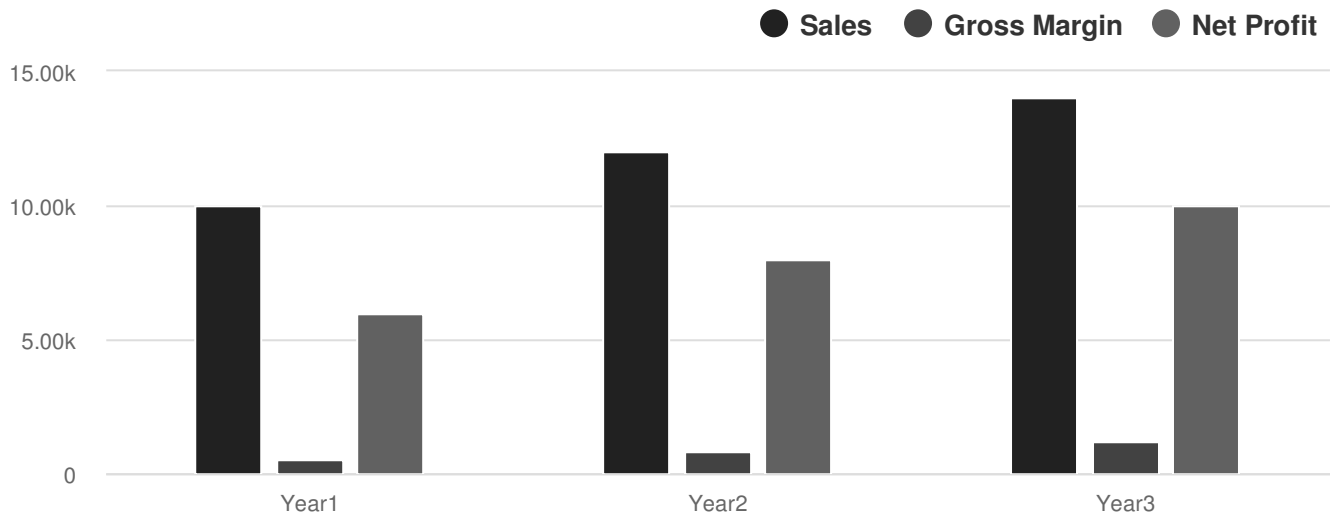
TIP


Maxwell Property Management Company is seeking total funding of \$210,000 of debt capital to open its firm. The capital will be used for funding capital expenditures and location build-out, hiring initial employees, marketing expenses, and working capital.

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### 3 Year profit forecast





**TIP**

Financial Summary	Year 1	Year 2	Year 3
Revenue	\$965,742	\$1,878,611	\$2,718,300

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# 2.

## Company Summary

History

Business Structure

Startup Summary



TIP

Maxwell Property Management Company is owned by John Moore and his immediate family members (His Wife and Son). The company is fully financed by John Moore and his son James Moore is the chief operating officer of the company.

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## History



TIP

In 2000, John Moore, a licensed real estate broker started receiving an abundance of inquiries about marketing properties, landlord-tenant laws, and concerns about property rentals and their daily operations. Realizing that he cannot address every inquiry by himself and not wanting to ignore them, he decided to start his own property management firm.

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## Business Structure



TIP

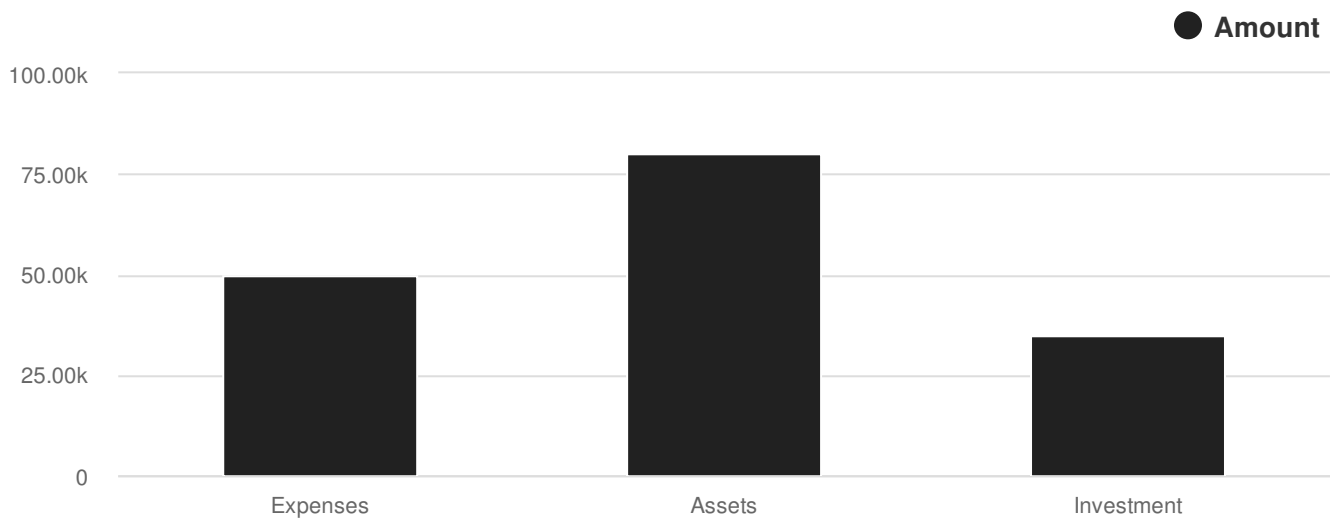
Maxwell Property Management Company is going to be structured in a way that every employee will be actively involved in the growth of the organization and employees who have worked for a period of time for the company will become part owners of the company.

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## Startup Summary

## Startup cost



### Cost distribution

### Amount

<b>Expenses</b>	50000
<b>Assets</b>	80000
<b>Investment</b>	35000

Start-up Expenses	Amount
Legal	\$75,500
Consultants	\$0
Insurance	\$62,750
Rent	\$22,500
Research and Development	\$42,750
Expensed Equipment	\$42,750
Signs	\$1,250
<b>TOTAL START-UP EXPENSES</b>	<b>\$247,500</b>
Start-up Assets	\$0
Cash Required	\$322,500
Start-up Inventory	\$52,625
Other Current Assets	\$222,500
Long-term Assets	\$125,000

Start-up Expenses	Amount
TOTAL ASSETS	\$121,875
Total Requirements	\$245,000
START-UP FUNDING	\$0
START-UP FUNDING	\$273,125
Start-up Expenses to Fund	\$121,875
Start-up Assets to Fund	\$195,000
TOTAL FUNDING REQUIRED	\$0
Assets	\$203,125
Non-cash Assets from Start-up	\$118,750
Cash Requirements from Start-up	\$0
Additional Cash Raised	\$118,750
Cash Balance on Starting Date	\$121,875
TOTAL ASSETS	\$0
Liabilities and Capital	\$0
Liabilities	\$0
Current Borrowing	\$0
Long-term Liabilities	\$0
Accounts Payable (Outstanding Bills)	\$0
Other Current Liabilities (interest-free)	\$0
TOTAL LIABILITIES	\$0
Capital	\$0
Planned Investment	\$0
Investor 1	\$312,500
Investor 2	\$0
Other	\$0
Additional Investment Requirement	\$0
TOTAL PLANNED INVESTMENT	\$695,000
Loss at Start-up (Start-up Expenses)	\$313,125
TOTAL CAPITAL	\$221,875

Start-up Expenses	Amount
TOTAL CAPITAL AND LIABILITIES	\$221,875
Total Funding	\$265,000

# 3.

## Products and services



**TIP**

Maxwell Property Management Company is a company that looks forward to delivering excellent services in terms of helping landlords and property owners effectively manage their properties and also providing conducive apartments and facilities to tenants at an affordable rate. Our business offering is listed below:

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### **Facilitating a Purchase**

Guiding a buyer through the process



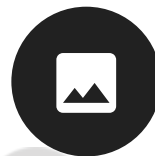
### **Facilitating a Sale**

Guiding a seller through the selling process.



### **FSBO document preparation**

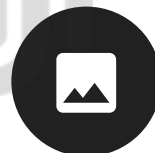
Preparing necessary paperwork for "For Sale by Owner" sellers.



### **Property Maintenance**



### **Exchanging property**



**Auctioning property for our clients.**



### **Preparing contracts and leases.**



**List the property for sale to the public**



**Selling of Fully Furnished Properties**



**Selling of Landed Properties**



**Property Management Consultancy and Advisory Services**



**Hold an open house to show the property.**

# 4.

## Market Analysis

Industry Analysis

Market Trends

Target Market





### REMEMBER

The most important component of an effective property management services business plan is its accurate marketing analysis. If you are starting on a smaller scale, you can do marketing analysis yourself by taking help from this property management services business plan sample or other property management services business plans available online.

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## Industry Analysis



### TIP

The Property Management industry is structurally resistant to economic downturns, primarily as a result of countercyclical demand trends. When the national economy struggles, the homeownership rate tends to decline as consumers and lenders remain cautious, creating demand for rental markets and therefore, property management. During periods of economic downturn, the demand for rental properties increases, and therefore, property management.

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## Market Trends



### TIP

The market trends as it involves the property management business are indeed dynamic and at the same time, pretty much easier for a newbie to come in and still make money from the industry. All that is needed for any property management company to do well in the industry is to have good managerial skills and healthy relationships with landlords (property owners).

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## Target Market



### TIP

Our target market as a property management company cuts across people of different classes and people from all walks of life. We are coming into the industry with a business concept that will enable us to work with the highly placed people in the country and at the same with the lowly placed people who are only interested in putting a roof under their head.

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# 5.

## SWOT Analysis



TIP

No doubt, the property management business is perhaps one of the easiest and cheapest ways of entering the real estate business. As a matter of fact, all that is required to do pretty well in this line of business is a high school diploma, experience in property management, and the right network and connections.

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## Strengths

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Our strength as a property management company lies in the fact that we have a healthy relationship with loads of property owners (landlords) in the United States and we have some of the best hands in the industry working both as full-time employees and consultants for us. We can confidently boast that we have some of the qualities that are in high demand in the property management line of business which are trust, honesty, and relationship management.

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## Weaknesses

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Our weakness could be that we are a new property management business in the United States and it may take us time and extra effort to convince landlords to give us their properties to manage for them.

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## Opportunities

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The opportunities that are available in the real estate industry are massive and we are ready to take advantage of any opportunity that comes our way.

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## Threats

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Some of the threats that we are likely going to face as a property management company in the United States of America are unfavorable government policies, global economic downturn, and unreasonable tenants. There is hardly anything we could do as regards these threats other than to be optimistic that things will continue to work for our good.

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# 6.

## Strategy & Implementations

Advertising Strategy

Pricing Strategy



#### REMEMBER

After identifying the market demand, market trends, and the potential customers of the startup, the next step is to define an effective strategy for attracting those customers. Like marketing analysis, sales strategy is also an important component of a property management service business startup and must be properly planned before you think about sta

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## Advertising Strategy



#### TIP

Maxwell Property Management Company expects its target market to be individuals working and/or living within Michigan. The company's promotions strategy to reach these individuals includes:

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#### TIP

Maxwell Property Management Company will initially invest significant time and energy into contacting potential clients via telephone. In order to improve the effectiveness of this phase of the marketing strategy, a highly focused call list will be used, targeting landlords and sellers who have listed by themselves and are having difficulty finding a buyer. As this is a very

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## Targeted Cold Calls

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#### TIP

Maxwell Property Management Company understands that the best promotion comes from satisfied customers. The Company will encourage its clients to refer other businesses by providing economic or financial incentives for every new client produced. This strategy will increase in effectiveness after the business has already been established.

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## Referrals

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**TIP**

Maxwell Property Management Company will invest resources in two forms of geographically-focused internet promotion—organic search engine optimization and pay-per-click advertising. The Company will develop its website in such a manner as to direct as much traffic from search engines as possible. Additionally, it will use highly focused, specific keywords.

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## Online Marketing

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**TIP**

Maxwell Property Management Company will list its properties for rent and sale in key local publications, including newspapers, area magazines, and its own newsletter. Additionally, the company will print brochures and place them in specific locations frequented by target individuals, such as small business development centers and accountants.

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## Publications

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**TIP**

Maxwell Property Management Company will promote itself by distributing marketing materials and participating in local community events, such as local festivals, business networking, or sporting events.

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## Community Events/Organizations

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## Pricing Strategy



**TIP**

Part of business strategy is to ensure that we work within the budget of our clients to deliver excellent properties to them. The real estate industry is based on commissions and properties are valued by professionals based on the area the facility is located, the type of facility, and other factors.

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# 7.

## Financial Plan

Important Assumptions

Break-even Analysis

Projected Profit and Loss

Projected Cash Flow

Projected Balance Sheet

Business Ratios



### REMEMBER

The last component of a property management service business plan is an in-depth financial plan. The financial plan crafts a detailed map of all the expenses needed for the startup and how these expenses will be met by the earned profits. It is recommended that you use [our financial planning tool](#) for guiding you through all financial aspects needed to be

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### TIP

The company will be financed by John himself and he will control the direction of the business to make sure that it is expanding at the forecasted rate. As for the property management service business start-up, no equity funding or outside loans will be required. With the help of financial experts, John has developed the following financial plan for his start-up

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## Important Assumptions

The financial projections of the company are forecast on the basis of the following assumptions. These assumptions are quite conservative and are expected to show deviation but to a limited level such that the company's major financial strategy will not be affected.

	Year 1	Year 2	Year 3
Plan Month	1	2	3
Current Interest Rate	10,00%	11,00%	12,00%
Long-term Interest Rate	10,00%	10,00%	10,00%
Tax Rate	26,42%	27,76%	28,12%
Other	0	0	0

## Brake-even Analysis

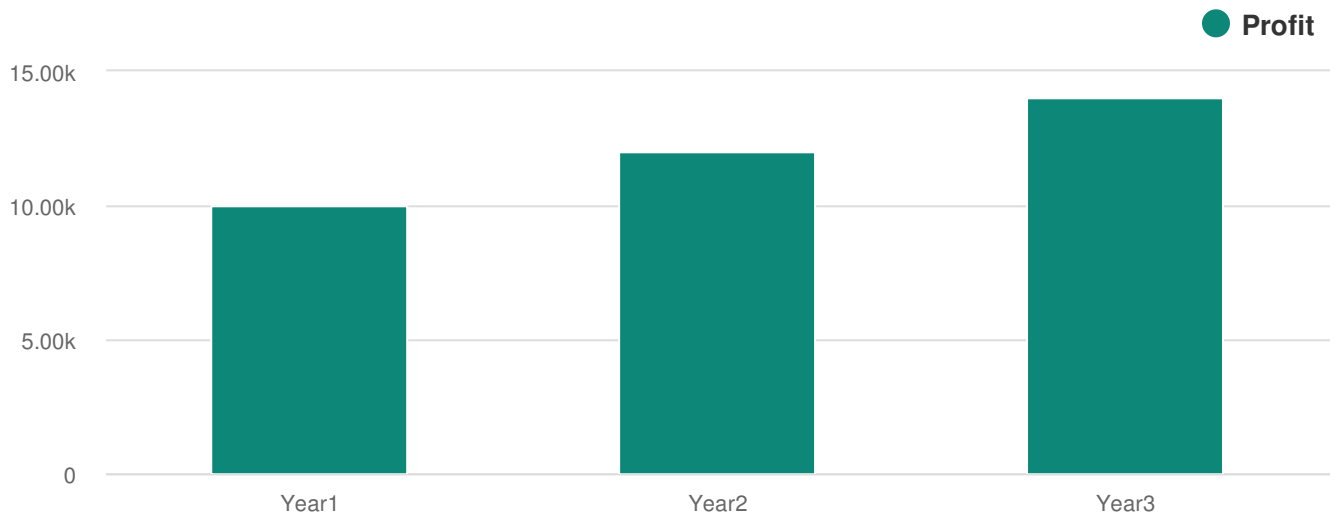
Monthly Units Break-even	5530
Monthly Revenue Break-even	\$159 740
<b>Assumptions:</b>	
Average Per-Unit Revenue	\$260,87
Average Per-Unit Variable Cost	\$0,89
Estimated Monthly Fixed Cost	\$196 410



## Projected Profit and Loss

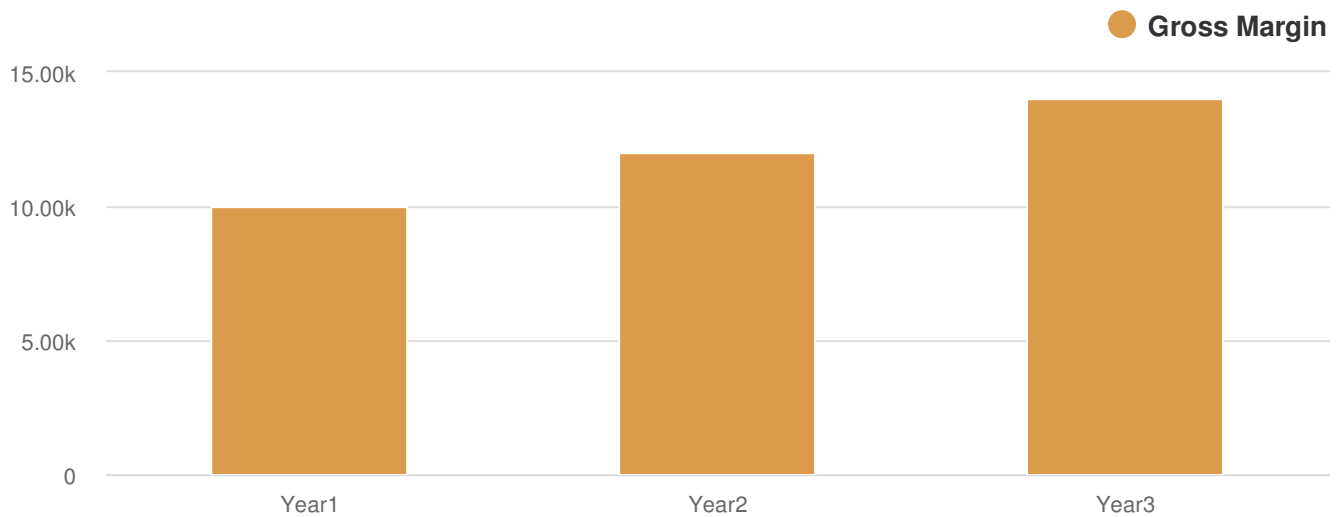
	Year 1	Year 2	Year 3
<b>Sales</b>	\$309 069	\$385 934	\$462 799
Direct Cost of Sales	\$15 100	\$19 153	\$23 206
Other	\$0	\$0	\$0
<b>TOTAL COST OF SALES</b>	\$15 100	\$19 153	\$23 206
Gross Margin	\$293 969	\$366 781	\$439 593
Gross Margin %	94,98%	94,72%	94,46%
<b>Expenses</b>			
Payroll	\$138 036	\$162 898	\$187 760
Sales and Marketing and Other Expenses	\$1 850	\$2 000	\$2 150
Depreciation	\$2 070	\$2 070	\$2 070
Leased Equipment	\$0	\$0	\$0
Utilities	\$4 000	\$4 250	\$4 500
Insurance	\$1 800	\$1 800	\$1 800
Rent	\$6 500	\$7 000	\$7 500
Payroll Taxes	\$34 510	\$40 726	\$46 942
Other	\$0	\$0	\$0
Total Operating Expenses	\$188 766	\$220 744	\$252 722
Profit Before Interest and Taxes	\$105 205	\$146 040	\$186 875
<b>EBITDA</b>	\$107 275	\$148 110	\$188 945
Interest Expense	\$0	\$0	\$0
Taxes Incurred	\$26 838	\$37 315	\$47 792
Net Profit	\$78 367	\$108 725	\$139 083
<b>Net Profit/Sales</b>	30,00%	39,32%	48,64%

## Profit Yearly



Financial Year	Profit
Year1	10000
Year2	12000
Year3	14000

## Gross Margin Yearly



Financial Year	Gross Margin
Year1	10000
Year2	12000
Year3	14000

## Projected Cash Flow

Cash Received	Year 1	Year 2	Year 3
<b>Cash from Operations</b>			
Cash Sales	\$40 124	\$45 046	\$50 068
Cash from Receivables	\$7 023	\$8 610	\$9 297
<b>SUBTOTAL CASH FROM OPERATIONS</b>	<b>\$47 143</b>	<b>\$53 651</b>	<b>\$59 359</b>
<b>Additional Cash Received</b>			
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0
<b>SUBTOTAL CASH RECEIVED</b>	<b>\$47 143</b>	<b>\$53 651</b>	<b>\$55 359</b>
<b>Expenditures from Operations</b>			
Cash Spending	\$21 647	\$24 204	\$26 951
Bill Payments	\$13 539	\$15 385	\$170 631
<b>SUBTOTAL SPENT ON OPERATIONS</b>	<b>\$35 296</b>	<b>\$39 549</b>	<b>\$43 582</b>
<b>Additional Cash Spent</b>			
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
<b>SUBTOTAL CASH SPENT</b>	<b>\$35 296</b>	<b>\$35 489</b>	<b>\$43 882</b>
<b>Net Cash Flow</b>	<b>\$11 551</b>	<b>\$13 167</b>	<b>\$15 683</b>

<b>Cash Received</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Cash Balance</b>	\$21 823	\$22 381	\$28 239

## Projected Balance Sheet

Assets	Year 1	Year 2	Year 3
<b>Current Assets</b>			
Cash	\$184 666	\$218 525	\$252 384
Accounts Receivable	\$12 613	\$14 493	\$16 373
Inventory	\$2 980	\$3 450	\$3 920
Other Current Assets	\$1 000	\$1 000	\$1 000
<b>TOTAL CURRENT ASSETS</b>	<b>\$201 259</b>	<b>\$237 468</b>	<b>\$273 677</b>
Long-term Assets			
Long-term Assets	\$10 000	\$10 000	\$10 000
Accumulated Depreciation	\$12 420	\$14 490	\$16 560
<b>TOTAL LONG-TERM ASSETS</b>	<b>\$980</b>	<b>\$610</b>	<b>\$240</b>
<b>TOTAL ASSETS</b>	<b>\$198 839</b>	<b>\$232 978</b>	<b>\$267 117</b>
<b>Current Liabilities</b>			
Accounts Payable	\$9 482	\$10 792	\$12 102
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0
<b>SUBTOTAL CURRENT LIABILITIES</b>	<b>\$9 482</b>	<b>\$10 792</b>	<b>\$12 102</b>
Long-term Liabilities	\$0	\$0	\$0
<b>TOTAL LIABILITIES</b>	<b>\$9 482</b>	<b>\$10 792</b>	<b>\$12 102</b>
Paid-in Capital	\$30 000	\$30 000	\$30 000
Retained Earnings	\$48 651	\$72 636	\$96 621
Earnings	\$100 709	\$119 555	\$138 401
<b>TOTAL CAPITAL</b>	<b>\$189 360</b>	<b>\$222 190</b>	<b>\$255 020</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$198 839</b>	<b>\$232 978</b>	<b>\$267 117</b>
<b>Net Worth</b>	<b>\$182 060</b>	<b>\$226 240</b>	<b>\$270 420</b>

## Business Ratios

	Year 1	Year 2	Year 3	Industry Profile
Sales Growth	4,35%	30,82%	63,29%	4,00%
<b>Percent of Total Assets</b>				
Accounts Receivable	5,61%	4,71%	3,81%	9,70%
Inventory	1,85%	1,82%	1,79%	9,80%
Other Current Assets	1,75%	2,02%	2,29%	27,40%
Total Current Assets	138,53%	150,99%	163,45%	54,60%
Long-term Assets	-9,47%	-21,01%	-32,55%	58,40%
TOTAL ASSETS	100,00%	100,00%	100,00%	100,00%
Current Liabilities	4,68%	3,04%	2,76%	27,30%
Long-term Liabilities	0,00%	0,00%	0,00%	25,80%
Total Liabilities	4,68%	3,04%	2,76%	54,10%
NET WORTH	99,32%	101,04%	102,76%	44,90%
<b>Percent of Sales</b>				
Sales	100,00%	100,00%	100,00%	100,00%
Gross Margin	94,18%	93,85%	93,52%	0,00%
Selling, General & Administrative Expenses	74,29%	71,83%	69,37%	65,20%
Advertising Expenses	2,06%	1,11%	0,28%	1,40%
Profit Before Interest and Taxes	26,47%	29,30%	32,13%	2,86%
<b>Main Ratios</b>				
Current	25,86	29,39	32,92	1,63
Quick	25,4	28,88	32,36	0,84
Total Debt to Total Assets	2,68%	1,04%	0,76%	67,10%
Pre-tax Return on Net Worth	66,83%	71,26%	75,69%	4,40%
Pre-tax Return on Assets	64,88%	69,75%	74,62%	9,00%
<b>Additional Ratios</b>				
Net Profit Margin	19,20%	21,16%	23,12%	N.A.
Return on Equity	47,79%	50,53%	53,27%	N.A.

	Year 1	Year 2	Year 3	Industry Profile
<b>Activity Ratios</b>				
Accounts Receivable Turnover	4,56	4,56	4,56	N.A.
Collection Days	92	99	106	N.A.
Inventory Turnover	19,7	22,55	25,4	N.A.
Accounts Payable Turnover	14,17	14,67	15,17	N.A.
Payment Days	27	27	27	N.A.
Total Asset Turnover	1,84	1,55	1,26	N.A.
<b>Debt Ratios</b>				
Debt to Net Worth	0	-0,02	-0,04	N.A.
Current Liab. to Liab.	1	1	1	N.A.
<b>Liquidity Ratios</b>				
Net Working Capital	\$120 943	\$140 664	\$160 385	N.A.
Interest Coverage	0	0	0	N.A.
<b>Additional Ratios</b>				
Assets to Sales	0,45	0,48	0,51	N.A.
Current Debt/Total Assets	4%	3%	2%	N.A.
Acid Test	23,66	27,01	30,36	N.A.
Sales/Net Worth	1,68	1,29	0,9	N.A.
Dividend Payout	0	0	0	N.A.

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